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SUBJECT: POLITICAL SCENESETTER FOR PM - A/S JOHN HILLEN

REF: STATE 36300

Classified By: Ambassador Ryan C. Crocker, Reasons 1.4 (b) and (d)

11. (S) The U.S. Mission in Pakistan warmly welcomes your planned March 15 - 18 visit to Pakistan. As demonstrated during President Bush's recent visit to Islamabad, both President Pervez Musharraf and Prime Minister Shaukat Aziz are western-oriented modernizers who are trying to move Pakistan toward Musharraf's goal of "enlightened moderation."

They viewed the President's visit as a landmark in the relationship and were gratified that he decided stay overnight in Pakistan. Your visit comes as Pakistan's leaders are trying to contain the fallout from the Danish cartoon controversy, while simultaneously suppressing violent separatists in Balochistan, combating al-Qa'ida and extremists in the Tribal Areas along the Afghan border and guiding earthquake recovery operations. The government remains fully engaged in earthquake recovery operations, with attention turning from emergency relief toward long-term reconstruction. Robust USG participation in the earthquake relief effort will help promote a more positive public perception of the United States in what has long been a tough public diplomacy environment, helping us advance key U.S. objectives, including democratization, regional stability and progress in the global war on terror.

The Cartoon Controversy

12. (C) Over the past month, tens of thousands of Pakistani demonstrators have taken to the streets to protest the publication of the Danish cartoons. Early rallies in Lahore and Peshawar were particularly destructive, with rampant looting and vandalism in parts of downtown Lahore and Peshawar and six protesters killed. Although more demonstrations throughout Pakistan followed (including a widely-observed nationwide strike on the day of President Bush's arrival), enhanced security measures by the Government of Pakistan (GOP) has prevented any repetition of the unrestrained violence seen in February. Over time, the protests have taken on a greater political tone. The outrage against the Danes and the EU still festers, but opportunistic politicians have attempted to subvert public sentiment in order to condemn the West as a whole (including the U.S.) and to embarrass the Musharraf government.

13. (C) Following President Bush's lead, your visit presents an opportunity to remind the Pakistani people that the United States understands the sentiments of the Muslim community and that, while we strongly support freedom of expression, we also believe the press should behave responsibly. More broadly, it will be an opportunity to underscore our desire for warm relations with the Muslim world and a sustained partnership with Pakistan as it addresses the long-term challenges of development and the immediate challenge of earthquake recovery.

Earthquake Relief

¶4. (U) The October 8 earthquake (7.6 on the Richter scale) in Azad Jammu and Kashmir (AJK) and the North West Frontier Province (NWFP) was the strongest to hit the region in over a century. The GOP estimates that more than 73,000 individuals died in the quake, with more than 69,000 wounded and some 2.8 million survivors left homeless. The United States has been Pakistan's most visible international partner in delivering emergency relief over the last two months.

¶5. (U) The U.S. military has been on the ground since October 10. At the peak of initial relief efforts, more than 1,200 personnel and 24 helicopters provided vital transport, logistics and medical and engineering support in affected areas. As the emergency relief phase is coming to an end, we have closed the two U.S. military hospitals, turning over USD 2.5 million in medical equipment to Pakistani counterparts. Our Seabee unit has also departed Muzaffarabad, leaving behind 25 pieces of heavy construction equipment as a donation to Pakistani military engineering units. U.S. airlift operations will be phased out in late March.

¶6. (U) The U.S. military and USAID collaborated closely on the civilian relief effort, with the military providing logistics and USAID working with NGOs to deliver supplies and services in camps and villages. USAID has provided more than USD 60 million in additional humanitarian assistance through NGOs and the United Nations, including blankets, tents, plastic sheeting and shelter kits to help the affected population make it through the harsh Himalayan winter. USAID recently made its first reconstruction grant of USD 15

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million to rebuild schools and hospitals. In total, the USG has pledged USD 510 million for earthquake relief and reconstruction efforts. The U.S. private sector is also engaged. A consortium of CEOs (GE, Pfizer, Citigroup, Xerox and UPS) is spearheading the South Asia Earthquake Relief Fund, which has already attracted approximately USD 24 million. Independent estimates place total U.S. private donations at over USD 130 million.

¶7. (C) Our prompt and generous response has helped initiate a shift in Pakistani attitudes about the United States, qualitatively improving bilateral relations at official levels and sustaining the relationship during popular unrest surrounding the Danish cartoon controversy. The hand-in-glove cooperation between U.S. and Pakistani military personnel has palpably reduced suspicions at the middle and upper ranks of the Pakistani army. As we have drawn down our military presence, we have emphasized that our transition parallels the overall shift from emergency relief toward the civilian reconstruction phase of the recovery effort. Pakistanis, who have long been convinced that we are fair-weather friends, are beginning to understand that we are interested in a long-term relationship.

Democratization

¶8. (C) President Musharraf has committed - publicly and privately - to move Pakistan toward a civilian-led democracy by the next national elections, which must be held by 2007. U.S. visitors should remind their Pakistani interlocutors (particularly those in the military) of the importance our elected leaders - including President Bush and members of Congress - attach to this transition. The government must address significant organizational issues before the 2007 national elections, not least of which is an empowered and well-trained election commission. As a first step, we have urged President Musharraf to appoint a permanent, independent Chief Election Commissioner who is acceptable to all mainstream parties. When engaging Pakistani contacts, U.S.

officials should reinforce the need for civilian control of the military and for the military's full and permanent disengagement from electoral politics. At the operational level, USAID supports democratization efforts with programs to promote institutional development of the courts, the legislatures, and the political parties.

Afghanistan

¶9. (S) The roller-coaster relationship between Afghanistan and Pakistan continues to suffer from mutual suspicion and recrimination, with Afghans concerned about cross-border infiltration and Pakistan worried that India is using its assets in Afghanistan to destabilize Balochistan. President Musharraf, his government and military leaders recognize that Pakistan must support the Karzai government as it attempts to solidify its control over the country. To that end, the Government is committed to cooperating on operational security matters with the Afghan government and coalition forces through regular Tripartite Commission meetings.

¶10. (S) As illustrated by the recent heavy fighting in North and South Waziristan, Pakistan is struggling to curb insurgent activity, challenged by rugged terrain, Pakistan border security forces' limited resources and sometimes uneven support within the Pakistani military, Inter-Services Intelligence (ISI) and the Frontier Corps. The greatest hurdle is the Government's lack of a coherent strategy in the Tribal Areas along the Afghan border. We consistently press the GOP to move forcefully against al-Qaida, Taliban and other anti-coalition militants, while simultaneously acknowledging the significant progress Pakistan has made in countering terrorist elements since September 2001. The recent military operations initiated in North Waziristan by Pakistan's Special Services Group, supported by Pakistan Army Aviation and 11th Corps assets, marks a new level of commitment commensurate with America expectations. For the first time since 2001, the Pakistan military may clearly see the challenge to sovereignty posed by foreign militants who have been allowed sanctuary in the Tribal Areas.

India and Kashmir

¶11. (S) President Musharraf and his senior advisors have consistently told us that they have made a strategic decision to end the militancy and even Indian officials acknowledge that the level of violence and cross-border infiltration has declined (though New Delhi attributes this to Indian security measures). President Musharraf believes the GOP's ability to

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control Kashmiri militants will be greatly enhanced if there is measurable progress with India on Kashmir. He has specifically pushed for a withdrawal of Indian forces from key population centers in Indian-administered Kashmir (a demand viewed with great skepticism in Delhi). Musharraf has privately signaled flexibility on final status of Kashmir, but in public remains steadfast in rejecting the Line of Control (LOC) as a permanent international boundary. While there has been little progress on these core issues relating to Kashmir, senior Indian and Pakistani officials meet regularly through the Composite Dialogue process, which has produced some confidence-building measures, including a pre-notification agreement for ballistic missile launches and the opening of five bus routes between the two countries.

¶12. (C) Responding to widespread public opinion, the two governments agreed to open five new LOC crossing points and to permit cross-LOC cell phone service following the October 8 earthquake, to allow divided Kashmiri families the opportunity to comfort one another. These limited measures have the potential to changes the dynamic in Kashmir and may accelerate internal pressure on Islamabad and New Delhi to

create additional space for interaction between Kashmiris in India and Pakistan.

¶13. (S) India has long resisted the involvement of third parties in settling the Kashmir issue, and Pakistani leaders understand that any move toward a direct mediating role by the U.S. would be counterproductive. President Musharraf was pleased by President Bush's even-handed statements about the need for good relations between India and Pakistan and for a peaceful and mutually agreeable solution in Kashmir.

Global War on Terrorism

¶14. (S) Pakistan deserves commendation for standing with us in the global war on terror, including its efforts against al-Qaida to deny safe haven to extremist elements in Pakistan's untamed Tribal Areas along the Afghan border. Following the GOP's decision to extend central government control into the Tribal Areas (historically a "no go" region for government forces), we have regularly encouraged Pakistani security forces to stay the course in the face of armed resistance. The Pakistan military has suffered over 1000 casualties in the Tribal areas, with particularly heavy fighting in the first week of March, when militants occupied a key town in North Waziristan. In recent months, the security situation, especially in Waziristan, has deteriorated, forcing the GOP to rethink its strategy. Musharraf has articulated a three-pronged approach comprising political initiatives, economic development and military operations that are faster, leaner and more targeted than in the past. We have offered to assist Pakistan's economic development efforts in the Tribal Areas and to provide training and rapid strike capabilities as it realigns its military tactics.

¶15. (C) In the aftermath of the July 7 London bombings, President Musharraf cracked down on terrorist/extremist organizations in Pakistan to much public fanfare. We have reserved judgment on whether the President has the will to hold the line against Pakistan's extremist elements for the long run. Initial law enforcement actions targeted the usual suspects -- conservative clerics and Islamist politicians -- prompting a strong popular backlash, with conservatives decrying the focus on Islamists. Ultimately, the government released most detainees and watered down regulations intended to provide transparency on madrassa operations. We have repeatedly pressed senior GOP officials to act decisively against the operational leaders of key terrorist and extremist groups. We have also encouraged GOP officials to take action against madrassas that support, recruit for or shelter these organizations.

Balochistan

¶16. (S) Pakistani leaders are also struggling to cope with an insurgency in the resource-rich province of Balochistan, as local Baloch tribesmen seek to redress historic grievances against Pakistan and seize a greater share of their provincial patrimony. President Musharraf has swung back and forth between civilian advisors who are counseling caution and a negotiated settlement that addresses Baloch concerns, and military advisors who view the insurgency as an Indian-sponsored threat to national unity to be suppressed. Currently, the pendulum appears to have swung toward the military option. This has clear implications for the

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military's ability to pursue shared U.S.-Pakistan objectives in the Tribal Areas and in the war on terror. Pakistani security forces are already over-stretched along the Afghan border, in North and South Waziristan, in earthquake relief and in managing domestic unrest over the cartoons. An escalation in armed conflict in Balochistan would create an

inauspicious political environment in the run-up to national elections next year.

CROCKER